

CANADA LABOUR (STANDARDS) CODE

BILL TO AMEND—THIRD READING

Hon. A. Hamilton McDonald moved third reading of Bill C-228, to amend the Canada Labour (Standards) Code.

Motion agreed to and bill read third time and passed.

PILOTAGE BILL

THIRD READING

Hon. A. Hamilton McDonald moved third reading of Bill C-246, respecting pilotage.

Motion agreed to and bill read third time and passed.

CANADA DEVELOPMENT CORPORATION BILL

THIRD READING

Hon. Salter A. Hayden moved third reading of Bill C-219, to establish the Canada Development Corporation.

The Hon. the Speaker: Honourable senators, it is moved by honourable Senator Hayden, seconded by honourable Senator Denis, that this bill be now read the third time. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. Flynn: On division.

Some Hon. Senators: On division.

Motion agreed to and bill read third time and passed, on division.

CANADA-UNITED STATES RELATIONS

NEED FOR A REASSESSMENT OF CANADA'S POSITION— DEBATE CONCLUDED

The Senate resumed from Wednesday, June 9, 1971, the adjourned debate on the inquiry of Hon. Mr. Manning, calling the attention of the Senate to the need for a reassessment of Canada's position in the matter of Canada-United States relations.

Hon. Daniel A. Lang: Honourable senators, at the outset I want to commend and congratulate most sincerely Senator Manning for introducing this inquiry. It not only serves a most useful purpose so far as this house is concerned but is, indeed, timely in view of the current trends in political thinking in our country. I wish also to compliment those other senators who followed Senator Manning; their contributions were of such breadth and depth as to make our discussion more meaningful.

This evening I should like to narrow the area of inquiry and deal specifically with the economic aspect of our relationship with the United States, which undoubtedly is the most pervasive subject-matter of the constant discourse between our two countries.

In these days we very often criticize the United States freely with regard to their economic policies, particularly

as their economic interests impinge upon our own interest, but in that respect it might be advisable for us to take note of the biblical admonition:

Thou hypocrite, cast out first the beam out of thine own eye, and then shalt thou see clearly to pull out the mote that is in thy brother's eye.

Honourable senators, to the end of limiting the inquiry to the economic area as far as my contribution is concerned, I should like first to direct your attention to some of our own economic weaknesses and to our own economic situation today vis-à-vis the rest of the developed western world. I think it is useful at this stage to remind ourselves that among the countries of the western industrial world Canada is today the least competitive country. This conclusion derives from figures produced and research done by the OECD.

If we take the United States as a standard of 100 today in terms of productivity, by comparison we rate 60. In terms of competitive abilities we in Canada today rank behind Germany, Japan, France, Australia, the United Kingdom, and Sweden.

It is also useful to remind ourselves that in terms of productivity we have been falling behind the United States continually since 1910 when figures pertinent to this subject were first published. In 1910 a worker in the United States produced \$62 more of goods per year than his Canadian counterpart. Looking at the picture as of 1968, and using constant dollars, the same comparison shows that the worker in the United States produces \$1,400 more of goods than his Canadian counterpart. In other words, from a \$62 edge in 1910, the United States worker now has, in constant dollars, a \$1,400 edge per annum.

On top of this, we enjoy—if I may use that word—the highest taxation levels of any of the developed western countries. Today taxation in Canada at federal, provincial and municipal levels takes up 38 per cent of our gross national product. Let us compare that 38 per cent with comparable figures for other countries.

For Japan the figure is 20.8 per cent; for Germany, 26.1 per cent, and for the United States, 28.3 per cent. For New Zealand, probably the most socialized country in the western world, the figure is 30 per cent. But, in Canada today we contribute, as I have said, 38 per cent of our gross national product in the form of taxation at all levels.

This heavy drain from our gross national product into the coffers of government is producing a shortage of venture capital, and this is hobbling us severely in our innovative skills, and hampering the development of technology in the industrial sector. I might add at this point that if the proposed Income Tax Act places a higher burden of taxation on the middle-income groups, we will suffer additionally because it is from this group, in fact, that one-third of all the capital available for industrial expansion is generated. So, if we tax this middle-income group more heavily, we restrict again our prospects of industrial expansion. Today an American